

Message Text

LIMITED OFFICIAL USE POSS DUPE

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ACTION EA-14

INFO OCT-01 ISO-00 L-03 AID-20 PER-05 ST-01 DODE-00 CPR-02

SCA-01 PM-07 CIAE-00 INR-10 NSAE-00 RSC-01 USIA-15

A-01 DRC-01 /082 W

----- 086834

P R 090545Z MAY 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2203

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE SECTION 1 OF 2 JAKARTA 5663

FROM DCM TOUSSAINT

EO 11652: N/A

TAGS: CPAS APER ID

SUBJ: BAN ON AUTOMOBILE IMPORTS

REF: A. JAKARTA 5451 B. JAKARTA 5452 C. STATE 093839

1. WE SHARE DEPARTMENT'S DISAPPOINTMENT RE GOI POLICY ON AUTOMOBILE IMPORTS (REF C). WE SEE LITTLE IF ANY HOPE GOI CAN BE PERSUADED ALTER POLICY--AND ARE THEREFORE PROCEEDING ON ASSUMPTION THAT ONLY FEASIBLE COURSE IS TO SEEK MINIMIZE EFFECTS OF NEW POLICY UPON MISSION PERSONNEL AFFECTED IE, ALL CIVILIAN AND MILITARY PERSONNEL OF MISSION EXCEPT ABOUT 70 WHO ARE ON DIPLOMATIC LIST. (THERE IS SLIGHT POSSIBILITY, AS RESULT OF AMBASSADOR'S APPROACH TO DEFENSE MINISTER PANGGABEAN ON APRIL 25, THAT SOME US MILITARY PERSONNEL WILL BE EXEMPT FROM GOI POLICY RE CAR IMPORTS. WE FEEL WE MUST PLAN AT THIS STAGE ON ASSUMPTION THIS POSSIBILITY WILL NOT PAN OUT).

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2. WE ARE LOOKING INTO POSSIBILITIES

OUTLINED IN PARAS 3 TO 7 BELOW, AND WOULD APPRECIATE GUIDANCE ON SPECIFIC POINTS RAISED PLUS ANY OTHER INFORMATION OR ADVICE DEPARTMENT CAN PROVIDE THAT WILL HELP US MINIMIZE EFFECTS OF POLICY WHICH, AS DEPARTMENT WELL APPRECIATES, CAN HAVE VERY SERIOUS EFFECT UPON MORALE OF MISSION PERSONNEL.

3. ADD MORE MISSION PERSONNEL TO DIPLOMATIC LIST, WHICH WOULD INCLUDE ISSUANCE OF DIPLOMATIC PASSPORTS. THERE ARE APPROXIMATELY 170 MEMBERS OF MISSION (WHICH TOTALS 239) NOT REPEAT NOT ON DIPLOMATIC LIST-- MOSTLY AID AND DLG PERSONNEL (EG ONLY TOP TWO POSITIONS IN AID AND ONLY CHIEF OF DLG ARE ON LIST). IF DEPARTMENT AGREEABLE, WE WOULD LIKE TO CONSIDER ADDING ADDITIONAL PERSONNEL TO DIPLOMATIC LIST IN ORDER REDUCE NUMBER OF PERSONNEL SUBJECT TO NEW GOI POLICY.

4. EXPLORE MEANS WHEREBY MISSION VEHICLES COULD BE LEASED BY OR ASSIGNED OR SOLD TO MISSION PERSONNEL. OUR PRELIMINARY INQUIRIES SUGGEST LEASE OF VEHICLE FROM PRIVATE INDONESIAN FIRM WOULD INVOLVE PROHIBITIVE PRICES (EG UPWARDS OF \$600 PER MONTH). WE WISH, THEREFORE, EXPLORE THREE POSSIBILITIES:
A) LEASING MISSION VEHICLES TO MISSION PERSONNEL;
B) ASSIGNING OFFICIAL VEHICLES TO MISSION PERSONNEL WITH LATTER TO PAY MAINTENANCE/SERVICE CHARGES AT RATES LOWER THAN PRESCRIBED UNDER PRESENT REGULATIONS; OR
C) SELLING TO MISSION PERSONNEL NEW OR USED VEHICLES IMPORTED BY MISSION.

EACH OF THESE POSSIBILITIES WOULD INVOLVE INCREASING NUMBER OF MISSION VEHICLES. MOST FEASIBLE WAY TO SECURE SUCH VEHICLES WOULD SEEM TO BE IMPORT OF EXCESS AID VEHICLES BY USAID/JAKARTA. WE UNDERSTAND THERE ARE NOW FAIR NUMBER OF US TITLES (AID) VEHICLES IN AREA (LAOS, THAILAND AND VIETNAM) WHICH COULD BE AVAILBLE FOR IMMEDIATE LIMITED OFFICIAL USE
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TRANSFER TO AID/JAKARTA. THIS WOULD BE LEAST COSTLY METHOD OF OBTAINING VEHICLES SINCE ONLY FRIEGHT AND HANDLING COSTS WOULD BE INVOLVED. WE DO NOT KNOW IF GOI WOULD OBJECT TO SUBSTANTIAL ADDITIONAL IMPORTS OF MISSION VEHICLES, WHICH WOULD BE NECESSARY FOR LEASE, ASSIGNMENT OR SALE PROGRAMS SUGGESTED ABOVE, BUT NEVERTHELESS WISH TO EXPLORE ALL POSSIBILITIES.

WE WOULD APPRECIATE CONFIRMATION RE AVAILABILITY

OF EXCESS VEHICLES IN SOUTHEAST ASIA AREA, AS WELL AS DEPARTMENT
AND AID'S REACTION TO THREE POSSIBILITIES MENTIONED
ABOVE (PARA 5 IN REF C SUGGEST DEPARTMENT APPROVAL
OF LEASING IDEA).

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ACTION EA-14

INFO OCT-01 ISO-00 L-03 AID-20 PER-05 ST-01 DODE-00 CPR-02

SCA-01 PM-07 CIAE-00 INR-10 NSAE-00 RSC-01 USIA-15

A-01 DRC-01 /082 W

----- 100526

P R 090545Z MAY 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 2204

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE SECTION 2 OF 2 JAKARTA 5663

5. SEEKING FROM GOI PRECISE INFORMATION RE TYPES/MODELS OF
CARS WHICH GOI WILL NOT CLASSIFY AS SEDANS OR
STATION WAGONS IE MODELS WHICH WILL NOT BE
SUBJECT TO IMPORT BAN. FOR DEPARTMENT NOTE
(REF B) IS VERY GENERAL ON THIS POINT STATING
ONLY THAT BAN EIES NOT APPLY TO "OTHER TYPES
OF NON-COMMERICAL MOTOR VEHICLES IN BUILT-UP
CONDITION SUCH AS JEEPS, INCLUDING HARD-TOP
JEEPS AND LAND ROVERS." WE ARE PRESSING FOR
MORE DEFINATE INFORMATION ON THIS POINT; ONCE WE HAVE IT,
WE WILL BE ABLE TO ADVISE DEPARTMENT (FOR NEW
PERSONNEL) OF TYPES OF VEHICLES WHICH CAN BE
SHIPPED TO JAKARTA.

6. SEEKING FROM GOI INFORMATION ON TYPES, COST AND
AVAILABILITY OF THE CARS ASSEMBLED LOCALLY WHICH
--ACCORDING NEASGOI POLICY--WILL BE AVAILABLE
ON PRIORITY BASIS TO MISSION PERSONNEL WITHOUT
DIPLOMATIC STATUS. OUR INQUIRIES TO DATE

SUGGESTT "PRIORITY BASIS" WILL HAVE LITTLE
MEANING FOR AT LEAST SEVERAL MONTHS, IF THEN,
AND THAT TAX FREE COST OF LOCALLY ASSEMBLED
VEHICLES(EG VOLKSWAGON BUG) COULD BE AS MUCH AS
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100 PERCENT HIGHER THAN COST OF SIMILAR CARS
PURCHASED OUTSIDE INDONESIA.

IN THIS CONNECTION, WOULD APPRECIATE
DEPARTMENT'S ADVICE ON TWO POINTS: IS IT POSSIBLE
ARRANGE SO THAT (A) AMOUNT USG WOULD NORMALLY
PAY FOR TRANSPORTATION OF STAFF MEMBERS' POV
COULD BE USED TOWARD PURCHASE OF LOCALLY
ASSEMBLED VEHICLES?, OF ALTERNATIVELY (B)
SPECIAL ALLOWANCE IS PAID TO PERSONNEL WHO
DECIDE TO PURCHASE LOCALLY ASSEMBLED VEHICLES?
(AUSTRALIANS APPARENTLY HAVE SUFFICIENT
BUDGETARY FLEXIBILITY TO MAKE SUCH ALLOWANCES).

7. EXPLORE MEANS OF PROVIDING CHEAP CREDIT TO
MISSION PERSONNEL WHO DECIDE TO PURCHASE LOCALLY
ASSEMBLED VEHICLES. WOULD APPRECIATE DEPARTMENT'S
VIEWS AND ADVICE ON THREE POINTS: (A) WHETHER
FEDERAL CREDIT UNION WOULD BE WILLING MAKE SPECIAL
CONCESSIONARY CREDIT TERMS AVAILABLE TO SUCH
PERSONNEL; (B) WHETHER DEPARTMENT OR CREDIT UNION
WOULD OBJECT TO AMERICAN EMBASSY RECREATION
ASSOCIATION (AERA) OBTAINING LOAN FROM CREDIT
UNION FOR DEPOSIT IN LOCAL BANK IN ORDER TO EARN
INTEREST (CURRENT RATE IS 18 PERCENT FOR ONE-YEAR
TIME DEPOSIT), WHICH WOULD THEN BE USED TO MAKE

INTEREST FREE OR LOW INTEREST LOANS TO STAFF PERSONNEL
PURCHASING LOCALLY ASSEMBLED VEHICLES; AND (C) WHETHER
DEPARTMENT WOULD BE AGREEABLE TO REVISING/
INTERPRETING REGULATIONS GOVERNING PROFIT
FROM SALE OF POVS SO THAT FPCH PROFIT COULD
BE TURNED OVER TO AERA FOR USE AS PER (B)
ABOVE.

8. DCM HAS JUST RETURNED FROM MEETING WITH
DIRECTOR OF IMPORT DUTIES (MINISTRY OF
FINANCE). IT IMMEDIATELY OBVIOUS THAT DIRECTOR
COMPLETELY UNAWARE OF NEW POLICY OUTLINED IN
FOR DEPT NOTE WE RECEIVED ON MAY 4 (REF B).
WE REAR THIS IS LIKELY TO BE CASE WITH OTHER
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GOI OFFICES WHICH WILL IMPLEMENT NEW POLICY
ANT THAT, AS RESULT, OUR SEARCH FOR CLARIFICATION
OR ADDITIONAL INFORMATIONS (PER PARA 5 AND 6 ABOVE)
MAY MAKE HASTE SLOWLY.
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